

VILLAGE OF BLISSFIELD, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2006
WITH
INDEPENDENT AUDITORS' REPORT

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|--|----------------------------------|--|-------------------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name VILLAGE OF BLISSFIELD | County LENAWEE |
| Fiscal Year End SEPTEMBER 30, 2006 | Opinion Date OCTOBER 26, 2006 | Date Audit Report Submitted to State JANUARY 22, 2007 | |

We affirm that:

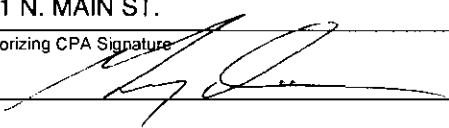
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | |
|-------------------------------------|--------------------------|---|
| YES | NO | Check each applicable box below. (See instructions for further detail.) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. The local unit has adopted a budget for all required funds. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. A public hearing on the budget was held in accordance with State statute. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. The local unit only holds deposits/investments that comply with statutory requirements. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 11. The local unit is free of repeated comments from previous years. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 12. The audit opinion is UNQUALIFIED. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 14. The board or council approves all invoices prior to payment as required by charter or statute. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 15. To our knowledge, bank reconciliations that were reviewed were performed timely. |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | |
|--|-------------------------------------|--|-------------|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | |
| Financial Statements | <input checked="" type="checkbox"/> | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | NOT NEEDED THIS YEAR | |
| Other (Describe) | <input type="checkbox"/> | | |
| Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C. | | Telephone Number 517-265-6154 | |
| Street Address 121 N. MAIN ST. | | City ADRIAN | State MI |
| Zip 49221 | | | |
| Authorizing CPA Signature  | Printed Name GARY OWEN | License Number 1101008646 | |

VILLAGE OF BLISSFIELD, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2006

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VILLAGE OF BLISSFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2006

As management of the Village of Blissfield, Michigan, we offer readers of the Village of Blissfield, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Blissfield, Michigan for the year ended September 30, 2006. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the Village of Blissfield, Michigan, excluding component unit, exceeded its liabilities at the close of the year ended September 30, 2006 \$10,932,403 (*net assets*). Of this amount, \$159,745 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased \$431,932. This decrease is partially attributable to depreciation expense.
- At the close of the year ended September 30, 2006, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$921,628, an increase of \$127,550 from September 30, 2005.
- At the end of the current year, unreserved fund balance for the General Fund was \$12,674, or 0.9 percent of total General Fund expenditures.
- The Village of Blissfield, Michigan's total debt decreased by \$475,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Blissfield, Michigan's basic financial statements. The Village of Blissfield, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Blissfield, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Blissfield, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Blissfield, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the year ended September 30, 2006. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Blissfield, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Blissfield, Michigan include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Village of Blissfield, Michigan include utility systems.

The government-wide financial statements include not only the Village of Blissfield, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Blissfield, Michigan is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3 – 6 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Blissfield, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Blissfield, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the year ended September 30, 2006. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Blissfield, Michigan maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street funds, and capital projects fund which are considered to be major funds. Data from the other six governmental funds are combined

into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Blissfield, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 7 – 15 of this report.

Proprietary funds. The Village of Blissfield, Michigan maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Blissfield, Michigan uses an enterprise fund to account for its Utility Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village of Blissfield, Michigan's various functions. The Village of Blissfield, Michigan uses an internal service fund to account for equipment expense (Motor Vehicle Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the Village of Blissfield, Michigan. The internal service fund (Motor Vehicle Fund) is in the proprietary fund financial statements.

The basic fund financial statements can be found on pages 16 – 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Blissfield, Michigan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 22 – 40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Blissfield, Michigan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension. Combining statements and individual fund schedules can be found on pages 42 – 47 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Blissfield, Michigan, assets exceeded liabilities by \$10,932,403 at the close of the year ended September 30, 2006.

By far the largest portion of the Village of Blissfield, Michigan's net assets (89 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Blissfield, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Blissfield, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Blissfield, Michigan's Net Assets

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>2006 Total</u> | <u>2005 Total</u> |
|---|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| Current and other assets | \$ 1,969,213 | \$ 339,917 | \$ 2,309,130 | \$ 2,173,916 |
| Capital assets | <u>6,715,833</u> | <u>11,747,677</u> | <u>18,463,510</u> | <u>19,422,104</u> |
| Total assets | <u>\$ 8,685,046</u> | <u>\$ 12,087,594</u> | <u>\$ 20,772,640</u> | <u>\$ 21,596,020</u> |
| Long term liabilities outstanding | 2,407,084 | 5,946,391 | 8,353,475 | 8,821,105 |
| Other liabilities | <u>1,037,539</u> | <u>449,223</u> | <u>1,486,762</u> | <u>1,410,580</u> |
| Total liabilities | <u>\$ 3,444,623</u> | <u>\$ 6,395,614</u> | <u>\$ 9,840,237</u> | <u>\$ 10,231,685</u> |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | 4,266,271 | 5,461,666 | 9,727,937 | 10,281,092 |
| Restricted | 908,954 | 135,767 | 1,044,721 | 917,188 |
| Unrestricted | <u>65,198</u> | <u>94,547</u> | <u>159,745</u> | <u>166,055</u> |
| Total net assets | <u>\$ 5,240,423</u> | <u>\$ 5,691,980</u> | <u>\$ 10,932,403</u> | <u>\$ 11,364,335</u> |

An additional portion of the Village of Blissfield, Michigan's net assets (9.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$159,745 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Blissfield, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Blissfield, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the year ended September 30, 2006, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$921,628, an increase of \$127,550 in comparison with the balance at September 30, 2005. Reserved fund balance (\$259,700) is not available for new spending since it already is committed and Special Revenue Funds have \$644,653 available for their special uses.

The General Fund is the chief operating fund of the Village of Blissfield, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,674.

The fund balance of the Village of Blissfield, Michigan's General Fund increased by \$1,339 during the year ended September 30, 2006

Proprietary fund - The Village of Blissfield, Michigan's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the utility fund at the end of the year amounted to \$94,547. The total increase in net assets for the fund was \$20,671.

General Fund Budgetary Highlights

Budgeting for FY05-06 was the first full 12-month fiscal year for the Village after the transition to an October 1 to September 30 fiscal year. Differences between the original FY05-06 budget and the final amended budget were usually routine in nature, with a few exceptions. In addition to the originally budgeted items in the General Fund, there were a few projects that were funded that were not included in the original budget. These include playground improvements in Bachmayer Little League Park, tennis court architect fees, and Village Office architect fees. Further, it should be noted, that while several activities in the General Fund expended more funds than the final budget, the fund as a whole expended less than that finally budgeted.

One notable aspect of the General Fund's performance in FY05-06 was that while the fund balance increased from \$11,335 to \$12,674, it is still much lower than that desired. This is the continuing result of the accounting technique required to show a \$160,000 inter-fund loan (from FY04-05) from the Local Street Fund to the General Fund. As of September 30, 2006, the General Fund owes a net payable to the Local Street Fund of \$144,000. Were this figure represented as part of the General Fund fund balance, that year-end fund balance would then be \$156,674. As it is, though, this payable will decrease by \$16,000 per year for the next 9 years, and thus the General Fund fund balance should increase by that annual amount over the same 9-year period.

Capital Asset and Debt Administration

Capital assets. The Village of Blissfield, Michigan's investment in capital assets for its governmental and business-type activities as of September 30, 2006, amounts to \$18,463,510 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, park facilities, roads, highways, and bridges, and other infrastructure.

Capital asset purchased during the year ended September 30, 2006 was:

- Equipment (Motor Vehicle Fund) (\$27,650).

Village of Blissfield, Michigan's Capital Assets

| | Governmental Activities | Business-type Activities | 2006 Total | 2005 Total |
|---------------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| Land | \$ 298,271 | \$ | \$ 298,271 | \$ 298,271 |
| Land improvements | 390,059 | | 390,059 | 403,633 |
| Buildings | 424,327 | | 424,327 | 437,276 |
| Equipment, furniture, and books | 377,935 | 62,494 | 440,429 | 529,938 |
| Infrastructure | <u>5,225,241</u> | <u>11,685,183</u> | <u>16,910,424</u> | <u>17,752,986</u> |
| Total | <u>\$ 6,715,833</u> | <u>\$ 11,747,677</u> | <u>\$ 18,463,510</u> | <u>\$ 19,422,104</u> |

Additional information on the Village of Blissfield's capital assets can be found in Note 3. C. on pages 31 – 32.

Long-term debt. At the year ended September 30, 2006, the Village of Blissfield, Michigan had total bonded and contract debt outstanding, excluding component unit, of \$8,696,011. Of this amount, \$6,535,000 comprises debt backed by the full faith and credit of the government. The remainder of the Village of Blissfield, Michigan's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Village of Blissfield, Michigan's Outstanding Debt General Obligation and Revenue Bonds

| | Governmental Activities | Business-type Activities | 2006 Total | 2005 Total |
|--------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| General obligation bonds | \$ 2,410,000 | \$ 4,125,000 | \$ 6,535,000 | \$ 6,880,000 |
| Revenue bonds | | <u>2,161,011</u> | <u>2,161,011</u> | <u>2,291,011</u> |
| Total | <u>\$ 2,410,000</u> | <u>\$ 6,286,011</u> | <u>\$ 8,696,011</u> | <u>\$ 9,171,011</u> |

The component unit (Downtown Development Authority) has total debt of \$608,817 at September 30, 2006. This debt consists of \$470,000 general obligation debt of the Village and \$138,817 in contract purchase debt.

Additional information on the Village of Blissfield, Michigan's long-term debt can be found in Note 3. E. and on pages 48 – 55 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors (some positive, some negative) were considered in preparing the Village of Blissfield's budget for FY06-07:

- The occupancy rate of the Village of Blissfield's central business district is currently 88%, down from 91% a year ago.
- Inflationary trends in the Village continue to compare favorably to national indices.
- State revenue sharing payments are yet again not expected to increase in FY06-07.
- While Village property tax revenues are expected to increase by approximately 3.2% for FY06-07, a decrease in the tax millage rate as a result of Proposal A and the Headlee amendment will partially offset an expected 4.8% increase in property values.
- The Village must plan for the funding of a new Village Office and Police Department, and is in the process of developing a Capital Improvement Plan.
- The Village was able to stabilize personal costs, particularly health insurance and disability insurance costs, by switching these programs to MERS insurance programs. Full-time fringe benefit costs should remain at approximately 45% of wage costs.

During the FY06-07, while reducing the inter-fund payable to the Local Street Fund by \$16,000 (discussed elsewhere in the MD&A), the Village expects continued pressure on the general fund's fund balance. Due to the limitations that affect revenues and spending in the general fund, the Village does not anticipate adding significantly to that fund balance. However, we do not anticipate the need to raise taxes during FY06-07, and only anticipate raising selected rates and fees by 3% (just enough to cover inflation-baser cost increases). We do plan to transfer funds from other Village funds (as necessary and appropriate) to augment the available resources of the General Fund to construct a needed new tennis court complex.

We do not anticipate the need to raise overall rates in the Village's Utility (water and sewer) Fund in FY06-07. We do plan to re-align the utility rates, reducing the monthly minimum charges while increasing the consumption rates, to more fairly represent the difference between the Utility Fund's fixed and variable costs. In addition, FY06-07 should be the first year in which the Village realizes considerable revenues from the planned ethanol plant being built nearby. It should again be noted that approximately 40% of these (non ethanol plant related) utility rates support debt payments for projects mandated by the State of Michigan, such as a new water plant and a re-built wastewater plant.

Requests for Information

This financial report is designed to provide a general overview of the Village of Blissfield, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Blissfield, 408 East Adrian Street, P.O. Box 129, Blissfield, Michigan 49228.

October 26, 2006

INDEPENDENT AUDITORS' REPORT

Village of Blissfield
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of and for the year ended September 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Blissfield, Michigan's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through vii and pages 44 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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October 26, 2006

Village of Blissfield
Lenawee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Blissfield, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

September 30, 2006

| | <u>PRIMARY GOVERNMENT</u> | | | <u>COMPONENT UNIT</u> |
|--------------------------------|------------------------------------|---------------------------------------|----------------------|---|
| | <u>Governmental Activities</u> | <u>Business – Type Activities</u> | <u>Total</u> | <u>Downtown Development Authority</u> |
| ASSETS: | | | | |
| Cash/savings accounts | \$ 309,816 | \$ 50,801 | \$ 360,617 | \$ 639 |
| Investments | 1,485,544 | | 1,485,544 | 52,428 |
| Accounts receivables | 172,964 | 117,415 | 290,379 | 92,129 |
| Internal balance | 189 | (189) | | |
| Due from component unit | 700 | | 700 | |
| Inventory | | 30,832 | 30,832 | |
| Restricted assets: | | | | |
| Cash/savings accounts | | 6,516 | 6,516 | |
| Investments | | 134,542 | 134,542 | |
| Capital assets: | | | | |
| Land | 298,271 | | 298,271 | |
| Land improvements | 678,720 | | 678,720 | |
| Equipment; furniture; books | 1,497,537 | 199,356 | 1,696,893 | |
| Buildings | 1,028,935 | | 1,028,935 | |
| Infrastructure | 11,193,955 | 14,227,676 | 25,421,631 | 869,885 |
| Less: Accumulated depreciation | (7,981,585) | (2,679,355) | (10,660,940) | (166,046) |
| Total assets | \$ 8,685,046 | \$ 12,087,594 | \$ 20,772,640 | \$ 849,035 |

| | <u>PRIMARY GOVERNMENT</u> | | | <u>COMPONENT UNIT</u> |
|---|--------------------------------|-----------------------------------|----------------------|---------------------------------------|
| | <u>Governmental Activities</u> | <u>Business – Type Activities</u> | <u>Total</u> | <u>Downtown Development Authority</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 36,461 | \$ 26,134 | \$ 62,595 | \$ 4,643 |
| Accrued expenses | 35,020 | 23,819 | 58,839 | 219 |
| Customer deposits | | 38,979 | 38,979 | |
| Due to Primary Government | | 5,291 | 5,291 | 700 |
| Liabilities payable from restricted assets | | | | |
| Deferred revenue | 800,671 | | 800,671 | |
| Mature bonds and interest payable | 165,387 | 355,000 | 520,387 | 52,656 |
| Noncurrent liabilities: | | | | |
| Due within one year | 62,522 | 15,380 | 77,902 | |
| Due in more than one year | <u>2,344,562</u> | <u>5,931,011</u> | <u>8,275,573</u> | <u>556,161</u> |
| Total liabilities | <u>3,444,623</u> | <u>6,395,614</u> | <u>9,840,237</u> | <u>614,379</u> |
| NET ASSETS: | | | | |
| Invested in capital assets, net of related debt | 4,266,271 | 5,461,666 | 9,727,937 | 95,022 |
| Restricted for: | | | | |
| Highways and streets | 544,549 | | 544,549 | |
| Public safety | 28,942 | | 28,942 | |
| Culture and recreation | 329,484 | | 329,484 | |
| Debt Service | 5,979 | 135,767 | 141,746 | |
| Unrestricted | <u>65,198</u> | <u>94,547</u> | <u>159,745</u> | <u>139,634</u> |
| Total net assets | <u>\$ 5,240,423</u> | <u>\$ 5,691,980</u> | <u>\$ 10,932,403</u> | <u>\$ 234,656</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2006

| | | <u>PROGRAM REVENUES</u> | | |
|---|---------------------|-----------------------------|---|---|
| | <u>Expenses</u> | <u>Charges For Services</u> | <u>Operating Grants And Contributions</u> | <u>Capital Grants And Contributions</u> |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 321,772 | \$ 41,339 | \$ 12,271 | \$ |
| Public safety | 601,291 | 76,915 | | |
| Public works | 78,614 | | | |
| Sanitation | 8,106 | | | |
| Culture and recreation | 587,717 | 92,396 | | |
| Highways and streets | 903,328 | | 230,348 | |
| Interest on long term debt | <u>101,614</u> | <u></u> | <u></u> | <u></u> |
| Total governmental activities | <u>2,602,442</u> | <u>210,650</u> | <u>242,619</u> | <u>-</u> |
| Business-Type Activities: | | | | |
| Utility systems | <u>1,340,166</u> | <u>1,320,915</u> | <u></u> | <u></u> |
| Total business-type activities | <u>1,340,166</u> | <u>1,320,915</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 3,942,608</u> | <u>\$ 1,531,565</u> | <u>\$ 242,619</u> | <u>\$ -</u> |
| Component Unit: | | | | |
| Downtown Development Authority | \$ | \$ | \$ | \$ |
| Interest on long term debt | <u></u> | <u></u> | <u></u> | <u></u> |
| Total component unit | <u>\$</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| General Revenues: | | | | |
| Property taxes | | | | |
| Intergovernmental – State | | | | |
| Licenses, fees, and fines | | | | |
| Contributions not restricted to specific programs | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous revenues | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net assets | | | | |
| Net assets – beginning of year | | | | |
| Net assets – end of year | | | | |

The notes to the financial statements are an integral part of this statement.

**NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS**

| PRIMARY GOVERNMENT | | | COMPONENT UNIT |
|---|--|-----------------------|--|
| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> | <u>Downtown Development Authority</u> |
| \$ (280,433) | \$ | \$ (280,433) | \$ |
| (512,105) | | (512,105) | |
| (78,614) | | (78,614) | |
| (8,106) | | (8,106) | |
| (495,321) | | (495,321) | |
| (672,980) | | (672,980) | |
| <u>(101,614)</u> | | <u>(101,614)</u> | |
| (2,149,173) | - | (2,149,173) | - |
| | (19,251) | (19,251) | |
| - | (19,251) | (19,251) | - |
| <u>\$ (2,149,173)</u> | <u>\$ (19,251)</u> | <u>\$ (2,168,424)</u> | <u>\$ -</u> |
| \$ | \$ | \$ | \$ (56,249) |
| - | | | (40,727) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (96,976)</u> |
| \$ 1,144,354 | \$ | \$ 1,144,354 | \$ 144,392 |
| 329,717 | | 329,717 | |
| 51,595 | | 51,595 | 495 |
| 11,253 | | 11,253 | |
| 49,390 | 26,465 | 75,855 | 1,736 |
| 110,261 | 13,457 | 123,718 | |
| <u>1,696,570</u> | <u>39,992</u> | <u>1,736,492</u> | <u>146,623</u> |
| (452,603) | 20,671 | (431,932) | 49,647 |
| <u>5,693,026</u> | <u>5,671,309</u> | <u>11,364,335</u> | <u>185,009</u> |
| <u>\$ 5,240,423</u> | <u>\$ 5,691,980</u> | <u>\$ 10,932,403</u> | <u>\$ 234,656</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2006

| <u>ASSETS</u> | <u>General</u> | <u>Major Street</u> | <u>Local Street</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------|-------------------|---------------------|---------------------|---------------------------------|---------------------------------|
| Cash/savings accounts | \$ 61,097 | \$ 78,799 | \$ 105,347 | \$ 21,182 | \$ 266,425 |
| Investments at cost | 567,845 | 34,148 | 459,097 | 352,680 | 1,413,770 |
| Receivables: | | | | | |
| Accounts | 144,755 | 11,391 | 16,818 | | 172,964 |
| Due from other funds | 13,016 | 7,944 | | | 20,960 |
| Due from component unit | 700 | | | | 700 |
| Advance to other funds | | | 144,000 | | 144,000 |
| Total assets | <u>\$ 787,413</u> | <u>\$ 132,282</u> | <u>\$ 725,262</u> | <u>\$ 373,862</u> | <u>\$ 2,018,819</u> |

LIABILITIES AND FUND BALANCES

| | | | | | |
|--------------------------|----------------|--------------|----------------|--------------|------------------|
| Liabilities: | | | | | |
| Accounts payable | 27,431 | 2,665 | 2,789 | 1,489 | 34,284 |
| Accrued liabilities | 27,251 | 2,438 | 2,903 | 1,791 | 34,383 |
| Due to other funds | 574 | | 15,653 | 5,104 | 21,331 |
| Advance from other funds | 144,000 | | | | 144,000 |
| Accrued sick pay | 62,522 | | | | 62,522 |
| Deferred revenue | 513,051 | | 287,620 | | 800,671 |
| Total liabilities | <u>774,739</u> | <u>5,103</u> | <u>308,965</u> | <u>8,384</u> | <u>1,097,191</u> |

Fund Balances:

| | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Reserved For: | | | | | |
| Debt service | | | | 5,979 | 5,979 |
| Police equipment | | | | 21,721 | 21,721 |
| Little league | | | | 36,000 | 36,000 |
| Memorial Park | | | | 52,000 | 52,000 |
| Advance | | | 144,000 | | 144,000 |
| Unreserved, Reported In: | | | | | |
| General Fund | 12,674 | | | | 12,674 |
| Special Revenue Funds | | 127,179 | 272,297 | 245,177 | 644,653 |
| Capital Projects Fund | | | | 1,073 | 1,073 |
| Permanent Funds | | | | 3,528 | 3,528 |
| Total fund balances | <u>12,674</u> | <u>127,179</u> | <u>416,297</u> | <u>365,478</u> | <u>921,628</u> |
| Total liabilities and fund balances | <u>\$ 787,413</u> | <u>\$ 132,282</u> | <u>\$ 725,262</u> | <u>\$ 373,862</u> | <u>\$ 2,018,819</u> |

The notes to the financial statements are

VILLAGE OF BLISSFIELD, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

September 30, 2006

| | |
|---|---------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | \$ 6,715,833 |
| The internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The assets and liabilities of the internal service fund (Motor Vehicle Fund) are included in governmental activities in the Statement of Net Assets. | 112,911 |
| Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued. | (60,387) |
| Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (39,562) |
| Bond and loan indebtedness are recognized in the governmental funds when paid and not when accrued. | <u>(2,410,000)</u> |
| Net differences | 4,318,795 |
| Total fund balance in governmental funds | <u>921,628</u> |
| Total net assets of governmental activities | <u>\$ 5,240,423</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2006

| | <u>General</u> | <u>Major Street</u> | <u>Local Street</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|------------------|-------------------------|-------------------------|---|---|
| Revenues: | | | | | |
| Property taxes | \$ 789,233 | | \$ 355,121 | \$ | \$ 1,144,354 |
| Licenses, fees and charges for services | 69,663 | | | 35,576 | 105,239 |
| Fines | 30,705 | | | 2,283 | 32,988 |
| Intergovernmental – State | 341,988 | 173,315 | 57,033 | | 572,336 |
| Miscellaneous | 26,275 | | 29,241 | 2,638 | 58,154 |
| Interest | 14,721 | 1,030 | 16,264 | 14,724 | 46,739 |
| Gifts | 9,996 | | | 1,257 | 11,253 |
| Total revenues | <u>1,282,581</u> | <u>174,345</u> | <u>457,659</u> | <u>56,478</u> | <u>1,971,063</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 262,891 | | | | 262,891 |
| Public safety | 507,581 | | | 33,848 | 541,429 |
| Public works | 78,614 | | | | 78,614 |
| Sanitation | 8,106 | | | | 8,106 |
| Culture – recreation | 466,050 | | | 15,452 | 481,502 |
| Highways and streets | | 126,280 | 181,722 | | 308,002 |
| Debt Service: | | | | | |
| Principal | | | | 100,000 | 100,000 |
| Interest and agent fees | | | | 102,965 | 102,965 |
| Other | | | | 4 | 4 |
| Total expenditures | <u>1,323,242</u> | <u>126,280</u> | <u>181,722</u> | <u>252,269</u> | <u>1,883,513</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(40,661)</u> | <u>48,065</u> | <u>275,937</u> | <u>(195,791)</u> | <u>87,550</u> |

| | <u>General</u> | <u>Major Street</u> | <u>Local Street</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|-------------------------|-------------------------|---|---|
| Other financing sources (uses): | | | | | |
| Transfers in | 42,000 | 24,000 | | 202,965 | 268,965 |
| Transfers out | | (21,717) | (205,248) | (2,000) | (228,965) |
| Total other financing sources (uses) | <u>42,000</u> | <u>2,283</u> | <u>(205,248)</u> | <u>200,965</u> | <u>40,000</u> |
| Net change in fund balance | 1,339 | 50,348 | 70,689 | 5,174 | 127,550 |
| Fund balances at beginning of year | <u>11,335</u> | <u>76,831</u> | <u>345,608</u> | <u>360,304</u> | <u>794,078</u> |
| Fund balances at end of year | <u>\$ 12,674</u> | <u>\$ 127,179</u> | <u>\$ 416,297</u> | <u>\$ 365,478</u> | <u>\$ 921,628</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2006

Amounts reported for governmental activities in the Statement of Revenues,
Expenditures and Changes in Fund Balances are different because:

| | | | |
|---|----|----------------|------------------|
| Net change in fund balance – total governmental funds | \$ | \$ | 127,550 |
| Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Total capital outlay \$27,650 less total depreciation \$722,785) | | | (695,135) |
| This issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt. | | | |
| Debt incurred during current year | | | |
| Bond proceeds | | | |
| Less: Principal repayment | | <u>100,000</u> | 100,000 |
| Internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The net revenue of certain activities of the Motor Vehicle Fund is reported with governmental activities. | | | |
| | | | 12,566 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds – | | | |
| Accrued interest – net effect | | | 1,351 |
| Accrued long-term leave – net effect | | | <u>1,065</u> |
| Change in net assets in governmental activities | | \$ | <u>(452,603)</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | <u>789,497</u> | <u>790,000</u> | <u>789,233</u> | <u>(767)</u> |
| Licenses, fees and charges for services: | | | | |
| Swimming pool and summer programs | 36,000 | 51,070 | 51,056 | (14) |
| Licenses and permits | 5,800 | 3,260 | 3,239 | (21) |
| Mobile home park fees | 2,750 | 1,570 | 1,563 | (7) |
| Cable TV | <u>16,000</u> | <u>13,800</u> | <u>13,805</u> | <u>5</u> |
| Total licenses, fees and charges for services | <u>60,550</u> | <u>69,700</u> | <u>69,663</u> | <u>(37)</u> |
| Fines: | | | | |
| Ordinance | 30,000 | 30,300 | 30,295 | (5) |
| Parking | <u>250</u> | <u>410</u> | <u>410</u> | |
| Total fines | <u>30,250</u> | <u>30,710</u> | <u>30,705</u> | <u>(5)</u> |
| Intergovernmental revenue – State | <u>334,000</u> | <u>330,000</u> | <u>329,717</u> | <u>(283)</u> |
| Intergovernmental revenue – grants | <u>1,500</u> | <u>12,500</u> | <u>12,271</u> | <u>(229)</u> |
| Miscellaneous: | | | | |
| Other | <u>24,300</u> | <u>26,450</u> | <u>26,275</u> | <u>(175)</u> |
| Interest | <u>10,200</u> | <u>13,500</u> | <u>14,721</u> | <u>1,221</u> |
| Gifts | | <u>10,000</u> | <u>9,996</u> | <u>(4)</u> |
| Total revenues | <u>1,250,297</u> | <u>1,282,860</u> | <u>1,282,581</u> | <u>(279)</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Council | 33,230 | 27,850 | 27,737 | 113 |
| Administrator | 37,600 | 38,810 | 39,274 | (464) |
| Election | | | 102 | (102) |
| Clerk and Treasurer | 48,980 | 55,970 | 55,927 | 43 |
| Village Hall and grounds | 138,290 | 145,700 | 95,258 | 50,442 |
| Planning Commission | 10,640 | 8,020 | 8,007 | 13 |
| Professional service | <u>32,190</u> | <u>26,120</u> | <u>36,586</u> | <u>(10,466)</u> |
| Total General Government | <u>300,930</u> | <u>302,470</u> | <u>262,891</u> | <u>39,579</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|-------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Public Safety: | | | | |
| Police | 485,270 | 513,120 | 501,949 | 11,171 |
| Zoning administrator | <u>6,010</u> | <u>5,640</u> | <u>5,632</u> | <u>8</u> |
| Total Public Safety | <u>491,280</u> | <u>518,760</u> | <u>507,581</u> | <u>11,179</u> |
| Public Works: | | | | |
| Public improvements | 10,010 | 30,090 | 30,399 | (309) |
| Public Works Department | <u>49,670</u> | <u>48,150</u> | <u>48,215</u> | <u>(65)</u> |
| Total Public Works | <u>59,680</u> | <u>78,240</u> | <u>78,614</u> | <u>(374)</u> |
| Sanitation: | | | | |
| Rubbish/recycling | <u>7,630</u> | <u>7,400</u> | <u>8,106</u> | <u>(706)</u> |
| Culture – Recreation: | | | | |
| Library | 158,280 | 159,640 | 160,404 | (764) |
| Pool | 61,130 | 62,910 | 62,697 | 213 |
| Parks | 59,830 | 110,090 | 107,077 | 3,013 |
| Boys Scouts | 1,590 | 1,500 | 1,495 | 5 |
| Festival/recreation | 28,380 | 34,090 | 38,598 | (4,508) |
| Urban forestry | <u>81,710</u> | <u>95,970</u> | <u>95,779</u> | <u>191</u> |
| Total Culture – Recreation | <u>390,920</u> | <u>464,200</u> | <u>466,050</u> | <u>(1,850)</u> |
| Total expenditures | <u>1,250,440</u> | <u>1,371,070</u> | <u>1,323,242</u> | <u>47,828</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(143)</u> | <u>(88,210)</u> | <u>(40,661)</u> | <u>47,549</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 1,000 | 2,000 | 42,000 | 40,000 |
| Transfers out | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u>1,000</u> | <u>2,000</u> | <u>42,000</u> | <u>40,000</u> |
| Net change in fund balance | 857 | (86,210) | 1,339 | <u>87,549</u> |
| Fund balance – beginning of year | | | <u>11,335</u> | |
| Fund balance – end of year | | | <u>\$ 12,674</u> | |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

MAJOR STREET SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|-------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| State Highway Funds – Act 51 | 155,000 | 163,300 | 163,205 | (95) |
| State Highway Funds – trunkline maintenance | 10,000 | 7,500 | 10,110 | 2,610 |
| Miscellaneous: | | | | |
| Sales to individuals | 10,000 | 10,000 | | (10,000) |
| Interest | <u>500</u> | <u>1,030</u> | <u>1,030</u> | <u> </u> |
| Total revenues | <u>175,500</u> | <u>181,830</u> | <u>174,345</u> | <u>(7,485)</u> |
| Expenditures: | | | | |
| Administration | 36,170 | 24,910 | 27,211 | (2,301) |
| Maintenance | 31,580 | 38,710 | 37,878 | 832 |
| Traffic | 8,340 | 13,070 | 13,383 | (313) |
| Winter maintenance | 17,940 | 11,440 | 11,429 | 11 |
| 223 Highway | 11,510 | 11,790 | 12,851 | (1,061) |
| Municipal street lighting | <u>24,000</u> | <u>21,650</u> | <u>23,528</u> | <u>(1,878)</u> |
| Total expenditures | <u>129,540</u> | <u>121,570</u> | <u>126,280</u> | <u>(4,710)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>45,960</u> | <u>60,260</u> | <u>48,065</u> | <u>(12,195)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 24,000 | 24,000 | 24,000 | |
| Transfers out | <u>(24,000)</u> | <u>(24,000)</u> | <u>(21,717)</u> | <u>2,283</u> |
| Total other financing sources (uses) | <u> </u> | <u> </u> | <u>2,283</u> | <u>2,283</u> |
| Net change in fund balance | 45,960 | 60,260 | 50,348 | (9,912) |
| Fund balance – beginning of year | | | <u>76,831</u> | |
| Fund balance – end of year | | | <u>\$ 127,179</u> | |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
LOCAL STREET SPECIAL REVENUE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 367,272 | \$ 383,500 | \$ 355,121 | \$ (28,379) |
| Intergovernmental: | | | | |
| State Highway Funds – Act 51 | 53,500 | 57,040 | 57,033 | (7) |
| Miscellaneous: | | | | |
| Sales to individuals | 35,000 | 35,000 | | (35,000) |
| Interest | 7,500 | 16,180 | 16,264 | 84 |
| Miscellaneous | <u>13,000</u> | <u>25,700</u> | <u>29,241</u> | <u>3,541</u> |
| Total revenues | <u>476,272</u> | <u>517,420</u> | <u>457,659</u> | <u>(59,761)</u> |
| Expenditures: | | | | |
| Administration | 89,500 | 82,530 | 85,886 | (3,356) |
| Maintenance | 41,050 | 56,540 | 48,267 | 8,273 |
| Traffic | 6,670 | 8,460 | 8,913 | (453) |
| Winter maintenance | 17,000 | 9,850 | 9,871 | (21) |
| Municipal street lighting | <u>29,000</u> | <u>26,330</u> | <u>28,785</u> | <u>(2,455)</u> |
| Total expenditures | <u>183,220</u> | <u>183,710</u> | <u>181,722</u> | <u>1,988</u> |
| Excess of revenues over expenditures | <u>293,052</u> | <u>333,710</u> | <u>275,937</u> | <u>(57,773)</u> |
| Other financing uses: | | | | |
| Transfers in | 16,100 | 16,100 | | (16,100) |
| Transfers out | <u>(225,000)</u> | <u>(225,000)</u> | <u>(205,248)</u> | <u>19,752</u> |
| Total other financing uses (sources) | <u>(208,900)</u> | <u>(208,900)</u> | <u>(205,248)</u> | <u>3,652</u> |
| Net change in fund balance | 84,152 | 124,810 | 70,689 | (54,121) |
| Fund balance – beginning of year | | | <u>345,608</u> | |
| Fund balance – end of year | | | <u>\$ 416,297</u> | |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2006

| | Business Type Activity - <u>Enterprise Fund</u> | Governmental Activity - <u>Internal Service Fund</u> |
|--------------------------------|--|---|
| <u>ASSETS</u> | <u>Utility</u> | <u>Motor Vehicle</u> |
| Current assets: | | |
| Cash/savings accounts | \$ 50,801 | \$ 43,391 |
| Investments | | 71,774 |
| Accounts receivable | 117,415 | |
| Due from other funds | 19 | 560 |
| Inventory | <u>30,832</u> | <u> </u> |
| Total current assets | <u>199,067</u> | <u>115,725</u> |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Cash/savings accounts | 6,516 | |
| Investments | <u>134,542</u> | <u> </u> |
| Total restricted assets | <u>141,058</u> | <u>-</u> |
| Capital assets: | | |
| Utility systems | 14,227,676 | |
| Equipment | 199,356 | 863,611 |
| Less: Accumulated depreciation | <u>(2,679,355)</u> | <u>(696,296)</u> |
| Total capital assets – net | <u>11,747,677</u> | <u>167,315</u> |
| Total noncurrent assets | <u>11,888,735</u> | <u>167,315</u> |
| Total assets | <u>\$ 12,087,802</u> | <u>\$ 283,040</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2006

| LIABILITIES AND NET ASSETS | Business Type Activity - <u>Enterprise Fund</u> | Governmental Activity - <u>Internal Service Fund</u> |
|--|--|---|
| | <u>Utility</u> | <u>Motor Vehicle</u> |
| Current liabilities: | | |
| Accounts payable | \$ 26,134 | \$ 2,177 |
| Accrued expenses | 23,819 | 637 |
| Customer deposits | 38,979 | |
| Due to other funds | 208 | |
| Revenue bonds payable | 105,000 | |
| General obligation bonds payable | 250,000 | |
| Accumulated leave | <u>15,380</u> | |
| Total current liabilities | <u>459,520</u> | <u>2,814</u> |
| Current liabilities payable from restricted assets: | | |
| Accrued interest | <u>5,291</u> | <u>-</u> |
| Noncurrent liabilities: | | |
| Revenue bonds payable | 2,056,011 | |
| General obligation bonds payable | <u>3,875,000</u> | |
| Total noncurrent liabilities | <u>5,931,011</u> | <u>-</u> |
| Total liabilities | <u>6,395,822</u> | <u>2,814</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 5,461,666 | 167,315 |
| Restricted for debt service | 135,767 | |
| Unrestricted | <u>94,547</u> | <u>112,911</u> |
| Total net assets | <u>\$ 5,691,980</u> | <u>\$ 280,226</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2006

| | Business Type Activity - <u>Enterprise Fund</u> | Governmental Activity - <u>Internal Service Fund</u> |
|---|--|---|
| | <u>Utility</u> | <u>Motor Vehicle</u> |
| Operating revenues: | | |
| Sales | \$ 1,257,478 | \$ 124,018 |
| Equipment rental | | |
| Service charges | 23,486 | |
| Tank water | 39,951 | |
| Interest/late charges | 26,465 | 2,651 |
| Miscellaneous | <u>13,457</u> | <u>12,107</u> |
| Total operating revenues | <u>1,360,837</u> | <u>138,776</u> |
| Operating expenses: | | |
| Administration | 124,465 | |
| Water Department | 449,075 | |
| Sewer Department | 254,457 | |
| Collection – sewer | 67,857 | |
| Wages and fringes | | 27,642 |
| Materials and supplies | | 34,983 |
| Maintenance and repairs | | 19,897 |
| Insurance | | 8,140 |
| Depreciation | 263,458 | 54,567 |
| Miscellaneous | <u> </u> | <u>7,898</u> |
| Total operating expenses | <u>1,159,312</u> | <u>153,127</u> |
| Operating income | <u>201,525</u> | <u>(14,351)</u> |
| Nonoperating revenues (expenses): | | |
| Interest expense | (180,554) | |
| Bond agent expense | <u>(300)</u> | <u> </u> |
| Total nonoperating revenues (expenses) | <u>(180,854)</u> | <u>-</u> |
| Change in net assets | 20,671 | (14,351) |
| Total net assets – beginning of year | <u>5,671,309</u> | <u>294,577</u> |
| Total net assets – end of year | <u>\$ 5,691,980</u> | <u>\$ 280,226</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2006
INCREASE IN CASH AND CASH EQUIVALENTS

| | Business Type Activity - Enterprise Fund | Governmental Activity - Internal Service Fund |
|--|---|--|
| | <u>Utility</u> | <u>Motor Vehicle</u> |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 1,335,734 | \$ 138,886 |
| Cash paid to suppliers/employees | (853,946) | (97,449) |
| Interest received | <u>26,465</u> | <u> </u> |
| Net cash provided by operating activities | <u>508,253</u> | <u>41,327</u> |
| Cash flows from capital and related financing activities: | | |
| Capital expenditures | | (27,650) |
| Bonds paid off | (345,000) | |
| Interest expense | (184,648) | |
| Bond agent fees | <u>(300)</u> | <u> </u> |
| Net cash used in capital and related financing activities | <u>(529,948)</u> | <u>(27,650)</u> |
| Net increase in cash and cash equivalents | (21,695) | 13,677 |
| Cash and cash equivalents at beginning of year | <u>213,554</u> | <u>101,488</u> |
| Cash and cash equivalents at end of year | <u>\$ 191,859</u> | <u>\$ 115,165</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2006

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

| | Business Type Activity - <u>Enterprise Fund</u> | Governmental Activity - <u>Internal Service Fund</u> |
|--|--|---|
| | <u>Utility</u> | <u>Motor Vehicle</u> |
| Operating income | \$ <u>201,525</u> | \$ <u>(14,351)</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 263,458 | 54,567 |
| Change in Assets and Liabilities: | | |
| (Increase) decrease in accounts receivable | 1,362 | |
| (Increase) decrease in due from other funds | | |
| (Increase) decrease in inventory | (2,853) | |
| Increase (decrease) in accounts payable and other liabilities | 42,831 | 1,111 |
| Increase (decrease) in accrued leave | <u>1,930</u> | <u> </u> |
| Total adjustments | <u>306,728</u> | <u>55,678</u> |
| Net cash provided by operating activities | \$ <u>508,253</u> | \$ <u>41,327</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS – AGENCY TYPE

September 30, 2006

| <u>ASSETS</u> | <u>Trust And Agency</u> | <u>Payroll</u> | <u>Garbage Collection</u> |
|--|------------------------------------|-----------------------|--------------------------------------|
| Cash/savings accounts | \$ 2,149 | \$ 82,146 | \$ 2,839 |
| Due from other funds | | 3,493 | |
| Inventory – tags | <u> </u> | <u> </u> | <u>3,389</u> |
| Total assets | <u>\$ 2,149</u> | <u>\$ 85,639</u> | <u>\$ 6,228</u> |
| | | | |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| Due to other funds | \$ 1,614 | \$ 40,000 | \$ 6,228 |
| Due to other governments | 535 | 3,270 | |
| Pension payable – deferred | <u> </u> | <u>42,369</u> | <u> </u> |
| Total liabilities | <u>\$ 2,149</u> | <u>\$ 85,639</u> | <u>\$ 6,228</u> |
| | | | |
| Net assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Blissfield, Michigan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

The Village of Blissfield is a Michigan Municipal Corporation governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit.

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village's approval is needed for any borrowing done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major individual utility fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as major streets under State of Michigan Act 51 of Public Acts of 1951.

The *Local Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as local streets under State of Michigan Act 51 of Public Acts of 1951. Also, receives property tax revenue restricted for street improvements.

The government reports the following major proprietary fund:

The *Utility Fund* accounts for the acquisition, operation, and maintenance of the Village's sewage treatment plant, pumping stations, and collection systems, and the water plant and water distribution system.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds and trust funds.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Special Revenue Funds (Building Inspection and Library Trust) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Motor Vehicle) accounts for equipment expense by which other government funds reimburse through equipment rental charges.

Permanent Funds (Police Equipment, Bachmayer Little League, and Clara Bachmayer Memorial Park) are fiduciary fund types used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs – that is the benefit of the Village or its citizenry.

Fiduciary Funds – Agency Type (Trust and Agency, Payroll, and Garbage Collection) account for assets held by the Village acting as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, liabilities, and net assets or equity.

1. Cash and investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had one advance between funds at September 30, 2006.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the government.

The Village had a general tax millage of 9.7315 for 2006. The Village's maximum allowable millage is 12.5 mills. It also levied 4.5271 mills for the general highway fund of which the maximum allowable is 5 mills.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60 day rule.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of utility fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Land improvements | 20 – 50 |
| Buildings | 50 |
| Machinery, equipment, and furnishings | 10 – 20 |
| Utility systems | 10 – 100 |
| Infrastructure | 20 – 100 |

6. Compensated absences

Employees of the Village can accumulate paid time off (PTO) up to a maximum of 150% of the number of accrued PTO hours per longevity schedule in employee contract, and employees have a vested right to 100% of accumulated paid time off in the event of death or retirement, and have a 50% vested right to accumulative sick leave.

The current portion (the amount normally expected to be liquidated with expendable available financial resources) of accrued sick and PTO are shown as a liability and expenditure in the applicable governmental fund types. The entire accrued sick and PTO pay related to governmental fund types is reported in the government-wide statements.

In the proprietary funds as well as in the government-wide statements, the vested sick and PTO pay are recorded as an expense and liability of those funds as the benefits accrue to employees.

7. Long-term obligations

In the governmental-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended September 30, 2006, the Village incurred expenditures in several funds which were in excess of the amounts appropriated, as follows:

| <u>Fund</u> | <u>Appropriations</u> | <u>Amount of Expenditures</u> | <u>Budget Variance</u> |
|------------------------------|-----------------------|-------------------------------|------------------------|
| General Fund | | | |
| General Government: | | | |
| Administrator | \$ 38,810 | \$ 39,274 | 464 |
| Election | | 102 | 102 |
| Professional service | 26,210 | 36,586 | 10,466 |
| Public Works: | | | |
| Public Improvements | 20,090 | 20,399 | 309 |
| Public Works Department | 48,150 | 48,215 | 65 |
| Sanitation: | | | |
| Rubbish/recycling | 7,400 | 8,106 | 706 |
| Culture – Recreation: | | | |
| Library | 159,640 | 160,404 | 764 |
| Festival/recreation | 34,090 | 38,598 | 4,508 |
| Major Street Fund: | | | |
| Administration | 24,910 | 27,211 | 2,301 |
| Traffic | 13,070 | 13,383 | 313 |
| 223 Highway | 11,790 | 12,851 | 1,061 |
| Municipal Street Lighting | 21,650 | 23,528 | 1,878 |
| Local Street Fund: | | | |
| Administration | 82,530 | 85,886 | 3,356 |
| Traffic | 8,460 | 8,913 | 453 |
| Winter maintenance | 9,850 | 9,871 | 21 |
| Municipal street lighting | 26,330 | 28,785 | 2,455 |
| Library Trust Fund: | | | |
| Library | 15,150 | 15,438 | 288 |

These additional expenditures were funded by greater than anticipated revenues. The majority of funds had budgets exceeding actual expenditures.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2006, the Village had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Matures</u> <u>(In Years)</u> <u>0 - 5</u> |
|-------------------------|---------------------|--|
| Certificates of Deposit | \$ 308,113 | \$ 308,113 |
| Money Market | <u>1,229,859</u> | <u>1,229,859</u> |
| | <u>\$ 1,537,972</u> | <u>\$ 1,537,972</u> |

Interest Rate Risk – Currently, the Village limits this risk by having many of the above investments with short term maturities; many have less than one year.

Credit Risk – The Village limits credit risk by allowing investments and deposits only in certificates of deposit, money market accounts, savings accounts, and checking accounts.

Concentrations of Credit Risk – The Village's investment policy does not limit the amount of investment with any one issuer. The Village has approximately 81% of its deposits with Blissfield State Bank at September 30, 2006. LaSalle Bank held 80% of the Village's investments and United Bank and Trust held 20% of the investments at September 30, 2006. In the majority of cases, one of these three banks account for the majority of investments or deposits in a particular fund of the Village.

Custodial Credit Risk – Deposits – Custodial Credit Risk is the risk that in the event of a bank failure, the deposits or investments may not be fully returned to the Village. Neither the Village nor the discretely presented component unit have a policy limiting custodial credit risk, other than authorizing the depositories used. As of September 30, 2006, the Village's total bank balance of \$709,462 had exposure to custodial credit risk on \$509,462 of this balance because it was uninsured.

Custodial Credit Risk – Investments – As of September 30, 2006, the investments of the Village totaled \$1,537,972. Of this balance \$1,337,972 was exposed to custodial credit risk because they were uninsured.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Major Streets</u> | <u>Local Streets</u> | <u>Utility Fund</u> | <u>Total</u> |
|---------------------------------------|-------------------|--------------------------|--------------------------|-------------------------|-------------------|
| Receivables: | | | | | |
| Taxes | \$ 82,755 | \$ | \$ | \$ | \$ 82,755 |
| Accounts | 62,000 | | | 117,415 | 179,415 |
| Special assessments | <u> </u> | <u>11,391</u> | <u>16,818</u> | <u> </u> | <u>28,209</u> |
| Gross receivables | 144,755 | 11,391 | 16,818 | 117,415 | 290,379 |
| Less: Allowance for uncollectibles | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net total receivables | <u>\$ 144,755</u> | <u>\$ 11,391</u> | <u>\$ 16,818</u> | <u>\$ 117,415</u> | <u>\$ 290,379</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2006 was as follows:

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 298,271 | \$ _____ | \$ _____ | \$ 298,271 |
| Total capital assets, not being depreciated | <u>298,271</u> | <u>_____</u> | <u>_____</u> | <u>298,271</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 678,720 | | | 678,720 |
| Buildings | 1,028,935 | | | 1,028,935 |
| Equipment, furniture, and books | 1,469,887 | 27,650 | | 1,497,537 |
| Infrastructure | <u>11,193,955</u> | <u>_____</u> | <u>_____</u> | <u>11,193,955</u> |
| Total capital assets, being depreciated | <u>14,371,497</u> | <u>27,650</u> | <u>-</u> | <u>14,399,147</u> |
| Less: Accumulated depreciation for: | | | | |
| Land improvements | (275,087) | (13,574) | | (288,661) |
| Buildings | (583,930) | (20,678) | | (604,608) |
| Equipment, furniture, and books | (1,025,693) | (93,909) | | (1,119,602) |
| Infrastructure | <u>(5,374,090)</u> | <u>(594,624)</u> | <u>_____</u> | <u>(5,968,714)</u> |
| Total accumulated depreciation | <u>(7,258,800)</u> | <u>(722,785)</u> | <u>-</u> | <u>(7,981,585)</u> |
| Total capital assets, being depreciated, net | <u>7,112,697</u> | <u>(695,135)</u> | <u>-</u> | <u>6,417,562</u> |
| Governmental activities, capital assets – net | <u>\$ 7,410,968</u> | <u>\$ (695,135)</u> | <u>\$ -</u> | <u>\$ 6,715,833</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Utility systems | \$ 14,227,676 | \$ | \$ | \$ 14,227,676 |
| Equipment | <u>199,356</u> | <u> </u> | <u> </u> | <u>199,356</u> |
| Total capital assets, being depreciated | <u>14,427,032</u> | <u> </u> | <u>-</u> | <u>14,427,032</u> |
| Less: Accumulated depreciation for: | | | | |
| Utility systems | (2,294,646) | (247,847) | | (2,542,493) |
| Equipment | <u>(121,250)</u> | <u>(15,612)</u> | <u> </u> | <u>(136,862)</u> |
| Total accumulated depreciation | <u>(2,415,896)</u> | <u>(263,459)</u> | <u>-</u> | <u>(2,679,355)</u> |
| Total capital assets, being depreciated – net | <u>\$ 12,011,136</u> | <u>\$ (263,459)</u> | <u>\$ -</u> | <u>\$ 11,747,677</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|-------------------|
| Governmental activities: | |
| General government | \$ 26,028 |
| Public safety | 28,073 |
| Culture and recreation | 73,362 |
| Highways and streets | <u>595,322</u> |
| Total depreciation expense – governmental activities | <u>\$ 722,785</u> |
| Business-type activities: | |
| Utility systems | <u>\$ 263,459</u> |
| Total depreciation expense – business-type activities | <u>\$ 263,459</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Construction commitments

The government has no active construction commitments as of September 30, 2006.

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the year ended September 30, 2006 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|-------------------------------------|------------------------------|--------------------|------------------|---------------------------|
| Capital assets, being depreciated: | | | | |
| Land improvements – parking lots | \$ 869,885 | \$ | \$ | \$ 869,885 |
| Less: Accumulated depreciation for: | | | | |
| Land improvements – parking lots | <u>(148,648)</u> | <u>(17,398)</u> | <u></u> | <u>(166,046)</u> |
| DDA capital assets – net | <u>\$ 721,237</u> | <u>\$ (17,398)</u> | <u>\$ -</u> | <u>\$ 703,839</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund receivables, payables, and transfers

Primary Government

Due to/from other funds:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Fund</u> | <u>Interfund Payable</u> |
|-----------------------------|---------------------------------|------------------|------------------------------|
| General | \$ 7,704 | Local street | \$ 7,704 |
| General | 90 | Capital projects | 90 |
| General | 208 | Utility | 208 |
| General | 5,014 | Police Trust | 5,014 |
| Major street | 7,944 | Local street | 7,944 |
| Motor vehicle | 555 | General | 555 |
| Motor vehicle | 5 | Local street | 5 |
| Utility | <u>19</u> | General | <u>19</u> |
| Total primary government | <u>\$ 21,539</u> | | <u>\$ 21,539</u> |

Advance to/from other funds:

| <u>Fund</u> | <u>Advance Receivable</u> | <u>Fund</u> | <u>Advance Payable</u> |
|--------------|-------------------------------|-------------|----------------------------|
| Local street | <u>\$ 144,000</u> | General | <u>\$ 144,000</u> |

Terms on this loan/advance are - ten (10) year payback period with annual payment of \$16,088 (including interest at 0.1%), commencing March 31, 2006. Proceeds from this advance were used to purchase property.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers:

| Transfers out: | <u>Transfers In</u> | | | |
|-----------------------|----------------------------|----------------------------|----------------------------|---------------------|
| | <u>General</u> | <u>Major Street</u> | <u>Debt Service</u> | <u>Total</u> |
| Local street | \$ | \$ 24,000 | \$ 181,248 | \$ 205,248 |
| Little League | 1,000 | | | 1,000 |
| Clara Bachmayer | 1,000 | | | 1,000 |
| Major street | | | 21,717 | 21,717 |
| Payroll | <u>40,000</u> | <u> </u> | <u> </u> | <u>40,000</u> |
| | <u>\$ 42,000</u> | <u>\$ 24,000</u> | <u>\$ 202,965</u> | <u>\$ 268,965</u> |

E. Long-term debt

General Obligation Bonds

The Village has issued general obligation bonds to finance capital improvements related to streets, parking lots, and utility systems. The original amount of general obligation bonds issued in prior years was \$5,500,000. During the year, general obligation bonds and purchase contract totaling \$3,150,000 were issued.

Also, Downtown Development Authority (DDA) has issued a limited general obligation bond issue for \$685,000 for construction of parking lots.

Annual debt service requirements to maturity for general obligation bonds and contract purchase are as follows:

| Year Ending September 30 | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Component Unit – DDA</u> | |
|-------------------------------------|---------------------------------------|------------------------|--|------------------------|------------------------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2007 | \$ 105,000 | \$ 120,775 | \$ 250,000 | \$ 103,125 | \$ 52,656 | \$ 38,456 |
| 2008 | 110,000 | 117,730 | 255,000 | 96,875 | 58,336 | 35,361 |
| 2009 | 115,000 | 114,320 | 265,000 | 90,500 | 64,041 | 31,855 |
| 2010 | 120,000 | 110,525 | 270,000 | 83,875 | 69,775 | 27,972 |
| 2011 | 125,000 | 106,325 | 275,000 | 77,125 | 75,536 | 23,711 |
| 2012 – 2016 | 715,000 | 454,030 | 1,485,000 | 278,625 | 288,473 | 46,548 |
| 2017 – 2021 | 690,000 | 244,790 | 1,325,000 | 83,875 | | |
| 2022 – 2025 | <u>430,000</u> | <u>32,940</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>\$ 2,410,000</u> | <u>\$ 1,301,435</u> | <u>\$ 4,125,000</u> | <u>\$ 814,000</u> | <u>\$ 608,817</u> | <u>\$ 203,903</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds and purchase contract currently outstanding are as follows:

| <u>Purpose:</u> | <u>Interest Rate</u> | <u>Amount</u> |
|----------------------------|----------------------|---------------------|
| Governmental activities | 3.73% - 4.48% | \$ 2,410,000 |
| Business-type activities | 2.5% | <u>4,125,000</u> |
| Total – Primary Government | | \$ 6,535,000 |
| Component unit (DDA) | 3.73% - 6.965% | <u>608,817</u> |
| Total | | <u>\$ 7,143,817</u> |

The Village also has issued bonds where the Village has pledged income derived from the acquired or constructed assets to pay debt service. In prior years, the Village has issued revenue bonds totaling \$2,716,033 to finance construction projects for both the water and wastewater systems.

Revenue bonds outstanding at September 30, 2006 are as follows:

| <u>Purpose:</u> | <u>Interest Rate</u> | <u>Amount</u> |
|---|----------------------|---------------------|
| Wastewater Treatment Plant improvements | 5.1436% | \$ 840,000 |
| Water System improvements | 2.5% | <u>1,321,011</u> |
| Total | | <u>\$ 2,161,011</u> |

Revenue bond debt service requirements to maturity are as follows

| <u>Year Ending September 30</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------------------------|---------------------|-------------------|
| 2007 | \$ 105,000 | \$ 76,231 |
| 2008 | 105,000 | 73,281 |
| 2009 | 105,000 | 70,181 |
| 2010 | 110,000 | 67,056 |
| 2011 | 115,000 | 63,731 |
| 2012 – 2016 | 630,000 | 263,228 |
| 2017 – 2021 | 656,011 | 156,498 |
| 2022 – 2026 | 270,000 | 61,445 |
| 2027 – 2030 | <u>65,000</u> | <u>3,380</u> |
| Total | <u>\$ 2,161,011</u> | <u>\$ 835,031</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2006 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 2,510,000 | \$ | \$ (100,000) | \$ 2,410,000 | \$ 105,000 |
| Accrued sick and vacation | <u>121,645</u> | <u> </u> | <u>(19,561)</u> | <u>102,084</u> | <u>62,522</u> |
| Governmental activity - long-term liability | <u>\$ 2,631,645</u> | <u>\$ -</u> | <u>\$ (119,561)</u> | <u>\$ 2,512,084</u> | <u>\$ 167,522</u> |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 4,370,000 | \$ | \$ (245,000) | \$ 4,125,000 | \$ 250,000 |
| Revenue bonds | <u>2,291,011</u> | <u> </u> | <u>(130,000)</u> | <u>2,161,011</u> | <u>105,000</u> |
| Total bonds payable | 6,661,011 | - | (375,000) | 6,286,011 | 355,000 |
| Accrued sick and vacation | <u>13,450</u> | <u>1,930</u> | <u> </u> | <u>15,380</u> | <u> </u> |
| Business-type activity - long-term liability | <u>\$ 6,674,461</u> | <u>\$ 1,930</u> | <u>\$ (375,000)</u> | <u>\$ 6,301,391</u> | <u>\$ 355,000</u> |

CHANGES IN LONG TERM LIABILITIES

Component unit (DDA):

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Component unit – long term liabilities | <u>\$ 660,818</u> | <u>\$ -</u> | <u>\$ 52,001</u> | <u>\$ 608,817</u> | <u>\$ 52,656</u> |

VILLAGE OF BLISSFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Segment information

The Village maintains two Utility Systems which provide water and sewer services. Segment information for the year ended September 30, 2006 is as follows:

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|---|--------------|--------------|--------------|
| Operating revenues | \$ 712,093 | \$ 648,344 | \$ 1,360,837 |
| Depreciation expense and amortization | 204,587 | 58,871 | 263,458 |
| Operating income | (3,802) | 205,327 | 201,525 |
| Net income | (140,976) | 161,647 | 20,671 |
| Property, plant, and equipment additions | | | |
| Net working capital | 35,171 | 59,376 | 94,547 |
| Total assets | 8,377,573 | 3,710,229 | 12,087,802 |
| Bonds and other long term liabilities: | | | |
| Payable from operating revenues | 5,446,011 | 840,000 | 6,286,011 |
| Total net assets | \$ 2,887,390 | \$ 2,804,590 | \$ 5,691,980 |

NOTE 4. OTHER INFORMATION

Retirement Plan

A. Plan description

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Blissfield, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 4. OTHER INFORMATION (Continued)

B. Funding policy

Employees make no contributions to the MERS Plan. The Village is required to contribute the actuarially determined amount each year. The current contribution rate is 11% of annual covered payroll. The contribution requirements of the Village of Blissfield are established and may be amended by the Board of Trustees of MERS.

C. Annual pension cost

For the year ended September 30, 2006, the Village's required annual pension contribution was \$90,697. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

- [a] 8.0% investment rate of return,
- [b] projected salary increases of 4.5% per year compounded annually,

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

The unfunded actuarial accrual liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period is thirty (30) years.

Three Year Trend Information

| Fiscal Year Ending | Annual Required Contribution (ARC) | Percentage of ARC Recognized | Net Pension Obligation |
|-------------------------------|---|---|---------------------------------------|
| 6/30/04 | \$ 78,684 | 100% | -0- |
| 6/30/05 | 110,903 | 100% | -0- |
| 6/30/06 | 90,697 | 100% | -0- |

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE 4. OTHER INFORMATION (Continued)

D. Actuarial Accrued Liability (as of 12/31/05)

| | |
|---|-------------------|
| Retirees and beneficiaries currently receiving benefits | \$ 651,046 |
| Terminated employees not yet receiving benefits | |
| Current employees -- | |
| Accumulated employee contributions including | 322,319 |
| allocated investment income | <u>1,392,359</u> |
| Employer financed | |
| Total Actuarial Accrued Liability | 2,365,724 |
| Net Assets Available for Benefits at Actuarial Value | <u>1,972,761</u> |
| (Market Value is \$1,920,777) | |
| Unfunded (Overfunded) Actuarial Accrued Liability | <u>\$ 392,963</u> |

VILLAGE OF BLISSFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2006

VILLAGE'S DEFINED BENEFIT PENSION PLAN (MERS)

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets [a] | Actuarial Accrued Liability (AAL) Entry Age [b] | Unfunded AAL (UAAL) [b-a] | Funded Ratio [a/b] | Covered Payroll [c] | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/03 | \$ 1,689,353 | \$ 2,022,091 | \$ 332,738 | 83.5% | \$ 756,260 | 44.0% |
| 12/31/04 | 1,821,268 | 2,166,171 | 344,903 | 84.1% | 783,506 | 44.0% |
| 12/31/05 | 1,972,761 | 2,365,724 | 392,963 | 83.3% | 797,967 | 49.2% |

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2006

| | <u>CAPITAL PROJECTS</u> | | <u>DEBT SERVICE</u> | | <u>SPECIAL REVENUE FUNDS</u> | | | <u>PERMANENT FUNDS</u> | | | | <u>Total Nonmajor Governmental Funds</u> |
|-------------------------------------|-------------------------|-----------------|---------------------|-------------------|------------------------------|------------------|--------------|-------------------------|--------------------------------|--------------------------------------|-------------------|--|
| | <u>Capital Projects</u> | | <u>Debt Service</u> | | <u>Building Inspection</u> | <u>Library</u> | <u>Total</u> | <u>Police Equipment</u> | <u>Bachmayer Little League</u> | <u>Clara Bachmayer Memorial Park</u> | <u>Total</u> | |
| ASSETS: | | | | | | | | | | | | |
| Cash | \$ 1,163 | \$ 5,979 | \$ 10,193 | \$ 2,725 | \$ 12,918 | \$ 1,122 | | | | | \$ 1,122 | \$ 21,182 |
| Investments | | | | 235,539 | 235,539 | 25,613 | | | 37,691 | 53,837 | 117,141 | 352,680 |
| Total assets | <u>\$ 1,163</u> | <u>\$ 5,979</u> | <u>\$ 10,193</u> | <u>\$ 238,264</u> | <u>\$ 248,457</u> | <u>\$ 26,735</u> | | | <u>\$ 37,691</u> | <u>\$ 53,837</u> | <u>\$ 118,263</u> | <u>\$ 373,862</u> |
| LIABILITIES: | | | | | | | | | | | | |
| Accounts payable | \$ | \$ | \$ 1,181 | \$ 308 | \$ 1,489 | \$ | | | | | | \$ 1,489 |
| Accrued payroll | | | 1,791 | | 1,791 | | | | | | | 1,791 |
| Due to other funds | 90 | | | | | 5,014 | | | | | 5,014 | 5,104 |
| Total liabilities | <u>90</u> | <u>-</u> | <u>2,972</u> | <u>308</u> | <u>3,280</u> | <u>5,014</u> | | | <u>-</u> | <u>-</u> | <u>5,014</u> | <u>8,384</u> |
| FUND BALANCES: | | | | | | | | | | | | |
| Reserved for police equipment | | | | | | | 21,721 | | | | 21,721 | 21,721 |
| Reserved for little league | | | | | | | | | 36,000 | | 36,000 | 36,000 |
| Reserved for Memorial Park | | | | | | | | | | 52,000 | 52,000 | 52,000 |
| Reserved for Debt Service | 1,073 | 5,979 | 7,221 | 237,956 | 245,177 | | | | 1,691 | 1,837 | 3,528 | 5,979 |
| Unreserved, undesignated | | | | | | | | | | | | |
| Total fund balances | <u>1,073</u> | <u>5,979</u> | <u>7,221</u> | <u>237,956</u> | <u>245,177</u> | <u>21,721</u> | | | <u>37,691</u> | <u>53,837</u> | <u>113,249</u> | <u>365,478</u> |
| Total liabilities and fund balances | <u>\$ 1,163</u> | <u>\$ 5,979</u> | <u>\$ 10,193</u> | <u>\$ 238,264</u> | <u>\$ 248,457</u> | <u>\$ 26,735</u> | | | <u>\$ 37,691</u> | <u>\$ 53,837</u> | <u>\$ 118,263</u> | <u>\$ 373,862</u> |

The notes to the financial statements :

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2006

| | CAPITAL PROJECTS | | DEBT SERVICE | | SPECIAL REVENUE FUNDS | | | PERMANENT FUNDS | | | | Total Nonmajor Governmental Funds |
|---|------------------|-----------|--------------|------------|-----------------------|-----------|-----------|------------------|-------------------------|-------------------------------|-------|-----------------------------------|
| | Capital Projects | | Debt Service | | Building Inspection | Library | Total | Police Equipment | Bachmayer Little League | Clara Bachmayer Memorial Park | Total | |
| Revenues: | | | | | | | | | | | | |
| Interest | \$ 4 | \$ 20 | \$ | \$ 9,440 | \$ 1,134 | \$ 1,701 | \$ 2,425 | \$ 5,260 | \$ 14,724 | | | |
| Gifts | | | | 1,257 | | | | | 1,257 | | | |
| Fines | | | | 2,283 | | | | | 2,283 | | | |
| Licenses, fees and charges for services: | | | | | | | | | | | | |
| Fee revenue | | | | 35,576 | | | | | 35,576 | | | |
| Miscellaneous | | | | 40 | | | | | 2,638 | | | |
| Total revenues | 4 | 20 | | 51,194 | 1,134 | 1,701 | 2,425 | 5,260 | 56,478 | | | |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Public safety: | | | | 33,843 | | | | | 33,843 | | | |
| Inspections | | | | | | | | 5 | | | 5 | |
| Other | | | | | | | | | | | | |
| Culture and recreation: | | | | 15,438 | | 7 | | | 15,438 | | | |
| Library | | | | | | | | | | | 14 | |
| Other | | | | | | | | | | | | |
| Debt Service: | | | | | | | | | | | | |
| Principal | | 100,000 | | | | | | | 100,000 | | | |
| Interest and agent fees | | 102,965 | | | | | | | 102,965 | | | |
| Other | 4 | | | | | | | | | | 4 | |
| Total expenditures | 4 | 202,965 | | 49,281 | 5 | 7 | | | 252,269 | | | |
| Excess (deficiency) of revenues over (under) expenditures | | (202,945) | | 1,913 | 1,129 | 1,694 | 2,418 | 5,241 | (195,791) | | | |
| Other financing sources: | | | | | | | | | | | | |
| Transfers in | | 202,965 | | | | | | | 202,965 | | | |
| Transfers out | | | | | | | (1,000) | | (2,000) | | | |
| Net change in fund balances | - | 20 | | 1,913 | 1,129 | 694 | 1,418 | 3,241 | 5,174 | | | |
| Fund balances – beginning of year | 1,073 | 5,959 | | 237,816 | 20,592 | 36,997 | 52,419 | 110,008 | 360,304 | | | |
| Fund balances – end of year | \$ 1,073 | \$ 5,979 | | \$ 237,956 | \$ 21,721 | \$ 37,691 | \$ 53,837 | \$ 113,249 | \$ 365,478 | | | |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Bndget - Positive (Negative)</u> |
|--|-------------------------|--------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Interest | \$ 4 | \$ 4 | \$ 4 | \$ - |
| Total revenues | 4 | 4 | 4 | - |
| Expenditures: | | | | |
| Miscellaneous | 4 | 4 | 4 | - |
| Total expenditures | 4 | 4 | 4 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Net ehange in fund balance | - | - | - | - |
| Fund balance – beginning of year | | | 1,073 | |
| Fund balance – end of year | | | <u>\$ 1,073</u> | |

VILLAGE OF BLISSFIELD, MICHIGAN

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|--------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Interest | \$ - | \$ 20 | \$ 20 | \$ - |
| Total revenues | - | 20 | 20 | - |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal | 100,000 | 100,000 | 100,000 | - |
| Interest | 123,480 | 102,970 | 102,965 | 5 |
| Bond agent fees | 500 | | | |
| Total expenditures | 223,980 | 202,970 | 202,965 | 5 |
| Excess (deficiency) of revenues over (under) expenditures | (223,980) | (202,950) | (202,945) | 5 |
| Other financing sources: | | | | |
| Transfers in | 225,000 | 203,000 | 202,965 | (35) |
| Net change in fund balance | 1,020 | 50 | 20 | 30 |
| Fund balance – beginning of year | | | 5,959 | |
| Fund balance – end of year | | | \$ 5,979 | |

VILLAGE OF BLISSFIELD, MICHIGAN

BUILDING INSPECTION SPECIAL REVENUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|-------------------------|---------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Miscellaneous: | | | | |
| Fee revenue | \$ 43,200 | \$ 35,600 | \$ 35,576 | \$ (24) |
| Interest | <u>50</u> | <u>40</u> | <u>40</u> | <u> </u> |
| Total revenues | 43,250 | 35,640 | 35,616 | (24) |
| Expenditures: | | | | |
| Inspections | <u>42,920</u> | <u>34,680</u> | <u>33,843</u> | <u>837</u> |
| Net change in fund balance | 330 | 960 | 1,773 | 813 |
| Fund balance – beginning of year | | | <u>5,448</u> | |
| Fund balance – end of year | | | <u>\$ 7,221</u> | |

VILLAGE OF BLISSFIELD, MICHIGAN

LIBRARY TRUST SPECIAL REVENUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended September 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|-------------------------|---------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Gifts | \$ | \$ 1,260 | \$ 1,257 | \$ (3) |
| Fines | | 2,300 | 2,283 | (17) |
| Interest | | 9,440 | 9,440 | |
| Miscellaneous | <u> </u> | <u>2,200</u> | <u>2,598</u> | <u>398</u> |
| Total revenues | - | 15,200 | 15,578 | 378 |
| Expenditures: | | | | |
| Culture and recreation | | | | |
| Library | <u>30,000</u> | <u>15,150</u> | <u>15,438</u> | <u>(288)</u> |
| Net change in fund balance | (30,000) | 50 | 140 | 90 |
| Fund balance – beginning of year | | | <u>237,816</u> | |
| Fund balance – end of year | | | <u>\$ 237,956</u> | |

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

PRIMARY GOVERNMENT:

The Village has constructed a new water treatment plant. The construction costs for the plant are being funded by two bond issues – an Unlimited Tax General Obligation Bond Issue of \$5,500,000 and a Water Supply System Revenue Bond Issue of \$971,033.

Also, the Village has an additional bond issue a (Water Supply System Revenue Bond Issue of \$750,000) to fund nitrate removal equipment at the new water treatment plant.

These bond issues were purchased by the Michigan Municipal Bond Authority under the Drinking Water Revolving Fund. Under the purchase contract, the Village will receive the principal proceeds as loan draw-downs as the construction costs are incurred.

\$5,500,000

VILLAGE OF BLISSFIELD COUNTY OF LENA WEE, STATE OF MICHIGAN

UNLIMITED TAX GENERAL OBLIGATION WATER SUPPLY SYSTEM BONDS

SEPTEMBER 29, 1998
2.50%

| <u>Payment Date</u> | <u>Principal Due</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Fiscal Year Total</u> |
|-------------------------|--------------------------|--------------------------|-------------------------|------------------------------|
| 10/1/06 | \$ | | \$ 51,562.50 | \$ |
| 04/1/07 | 250,000.00 | 2.50% | 51,562.50 | 353,125.00 |
| 10/1/07 | | | 48,437.50 | |
| 04/1/08 | 255,000.00 | 2.50% | 48,437.50 | 351,875.00 |
| 10/1/08 | | | 45,250.00 | |
| 04/1/09 | 265,000.00 | 2.50% | 45,250.00 | 355,500.00 |
| 10/1/09 | | | 41,937.50 | |
| 04/1/10 | 270,000.00 | 2.50% | 41,937.50 | 353,875.00 |
| 10/1/10 | | | 38,562.50 | |
| 04/1/11 | 275,000.00 | 2.50% | 38,562.50 | 352,125.00 |
| 10/1/11 | | | 35,125.00 | |
| 04/1/12 | 285,000.00 | 2.50% | 35,125.00 | 355,250.00 |
| 10/1/12 | | | 31,562.50 | |
| 04/1/13 | 290,000.00 | 2.50% | 31,562.50 | 353,125.00 |
| 10/1/13 | | | 27,937.50 | |
| 04/1/14 | 295,000.00 | 2.50% | 27,937.50 | 350,875.00 |
| 10/1/14 | | | 24,250.00 | |
| 04/1/15 | 305,000.00 | 2.50% | 24,250.00 | 353,500.00 |
| 10/1/15 | | | 20,437.50 | |
| 04/1/16 | 310,000.00 | 2.50% | 20,437.50 | 350,875.00 |
| 10/1/16 | | | 16,562.50 | |
| 04/1/17 | 320,000.00 | 2.50% | 16,562.50 | 353,125.00 |
| 10/1/17 | | | 12,562.50 | |
| 04/1/18 | 325,000.00 | 2.50% | 12,562.50 | 350,125.00 |
| 10/1/18 | | | 8,500.00 | |
| 04/1/19 | 335,000.00 | 2.50% | 8,500.00 | 352,000.00 |
| 10/1/19 | | | 4,312.50 | |
| 04/1/20 | 345,000.00 | 2.50% | 4,312.50 | 353,625.00 |
| 10/1/20 | | | 0.00 | |
| | <u>\$ 4,125,000.00</u> | | <u>\$ 814,000.00</u> | <u>\$ 4,939,000.00</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

PRIMARY GOVERNMENT:

\$971,033

**VILLAGE OF BLISSFIELD
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WATER SUPPLY SYSTEM REVENUE BONDS
SERIES 2000**

SEPTEMBER 29, 1998

2.50%

| <u>Payment Date</u> | <u>Principal Due</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Fiscal Year Total</u> |
|--------------------------------|---------------------------------|---------------------------------|--------------------------------|-------------------------------------|
| 10/1/06 | \$ | | \$ 9,075.41 | \$ |
| 04/1/07 | 45,000.00 | 2.50% | 9,075.41 | 63,150.82 |
| 10/1/07 | | | 8,512.91 | |
| 04/1/08 | 45,000.00 | 2.50% | 8,512.91 | 62,025.82 |
| 10/1/08 | | | 7,950.41 | |
| 04/1/09 | 45,000.00 | 2.50% | 7,950.41 | 60,900.82 |
| 10/1/09 | | | 7,387.91 | |
| 04/1/10 | 50,000.00 | 2.50% | 7,387.91 | 64,775.82 |
| 10/1/10 | | | 6,762.91 | |
| 04/1/11 | 50,000.00 | 2.50% | 6,762.91 | 63,525.82 |
| 10/1/11 | | | 6,137.91 | |
| 04/1/12 | 50,000.00 | 2.50% | 6,137.91 | 62,275.82 |
| 10/1/12 | | | 5,512.91 | |
| 04/1/13 | 50,000.00 | 2.50% | 5,512.91 | 61,025.82 |
| 10/1/13 | | | 4,887.91 | |
| 04/1/14 | 55,000.00 | 2.50% | 4,887.91 | 64,775.82 |
| 10/1/14 | | | 4,200.41 | |
| 04/1/15 | 55,000.00 | 2.50% | 4,200.41 | 63,400.82 |
| 10/1/15 | | | 3,512.91 | |
| 04/1/16 | 55,000.00 | 2.50% | 3,512.91 | 62,025.82 |
| 10/1/16 | | | 2,825.41 | |
| 04/1/17 | 60,000.00 | 2.50% | 2,825.41 | 65,650.82 |
| 10/1/17 | | | 2,075.41 | |
| 04/1/18 | 60,000.00 | 2.50% | 2,075.41 | 64,150.82 |
| 10/1/18 | | | 1,325.41 | |
| 04/1/19 | 60,000.00 | 2.50% | 1,325.41 | 62,650.82 |
| 10/1/19 | | | 575.41 | |
| 04/1/20 | 46,033.00 | 2.50% | 575.41 | 47,183.82 |
| 10/1/20 | | | 0.00 | |
| | <u>\$ 726,033.00</u> | | <u>\$ 141,486.48</u> | <u>\$ 867,519.48</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

PRIMARY GOVERNMENT:

\$750,000

**VILLAGE OF BLISSFIELD
COUNTY OF LENAWE, STATE OF MICHIGAN**

WATER SUPPLY SYSTEM REVENUE BONDS

SERIES 2001

FINAL SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

| <u>Payment Date</u> | <u>Principal Due</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Fiscal Year Total</u> |
|--------------------------------|---------------------------------|---------------------------------|--------------------------------|-------------------------------------|
| 10/1/06 | \$ 30,000.00 | 2.500% | \$ 7,875.00 | \$ 45,750.00 |
| 04/1/07 | | | 7,875.00 | |
| 10/1/07 | 35,000.00 | 2.500% | 7,500.00 | 50,000.00 |
| 04/1/08 | | | 7,500.00 | |
| 10/1/08 | 35,000.00 | 2.500% | 7,062.50 | 49,125.00 |
| 04/1/09 | | | 7,062.50 | |
| 10/1/09 | 35,000.00 | 2.500% | 6,625.00 | 48,250.00 |
| 04/1/10 | | | 6,625.00 | |
| 10/1/10 | 35,000.00 | 2.500% | 6,187.50 | 47,375.00 |
| 04/1/11 | | | 6,187.50 | |
| 10/1/11 | 35,000.00 | 2.500% | 5,750.00 | 46,500.00 |
| 04/1/12 | | | 5,750.00 | |
| 10/1/12 | 40,000.00 | 2.500% | 5,312.50 | 50,625.00 |
| 04/1/13 | | | 5,312.50 | |
| 10/1/13 | 40,000.00 | 2.500% | 4,812.50 | 49,625.00 |
| 04/1/14 | | | 4,812.50 | |
| 10/1/14 | 40,000.00 | 2.500% | 4,312.50 | 48,625.00 |
| 04/1/15 | | | 4,312.50 | |
| 10/1/15 | 40,000.00 | 2.500% | 3,812.50 | 47,625.00 |
| 04/1/16 | | | 3,812.50 | |
| 10/1/16 | 40,000.00 | 2.500% | 3,312.50 | 46,625.00 |
| 04/1/17 | | | 3,312.50 | |
| 10/1/17 | 45,000.00 | 2.500% | 2,812.50 | 50,625.00 |
| 04/1/18 | | | 2,812.50 | |
| 10/1/18 | 45,000.00 | 2.500% | 2,250.00 | 49,500.00 |
| 04/1/19 | | | 2,250.00 | |
| 10/1/19 | 45,000.00 | 2.500% | 1,687.50 | 48,375.00 |
| 04/1/20 | | | 1,687.50 | |
| 10/1/20 | 45,000.00 | 2.500% | 1,125.00 | 47,250.00 |
| 04/1/21 | | | 1,125.00 | |
| 10/1/21 | 39,978.00 | 2.500% | 562.50 | 41,103.00 |
| 04/1/22 | | | 562.50 | |
| | <u>\$ 624,978.00</u> | | <u>\$ 142,000.00</u> | <u>\$ 766,978.00</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

PRIMARY GOVERNMENT:

In 1998-99, the Village paid off the balance of the Wastewater Treatment Revenue Bonds, dated June 1, 1987, with the new Revenue Refunding Bonds. Principal balance on this new issue is \$995,000. A schedule of projected bond payments (including interest) is as follows:

SCHEDULE OF BONDED DEBT

\$995,000

**VILLAGE OF BLISSFIELD
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WASTEWATER TREATMENT PLANT IMPROVEMENT
REVENUE REFUNDING BONDS, 1998 SERIES**

5.1436%

| <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> | <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> |
|-------------|-------------------------------------|--------------------------|-------------|-------------------------------------|--------------------------|
| 2007 | \$ 25,000 | \$ 67,330 | 2017 | \$ 40,000 | \$ 68,260 |
| 2008 | 25,000 | 66,255 | 2018 | 40,000 | 66,220 |
| 2009 | 25,000 | 65,155 | 2019 | 40,000 | 64,180 |
| 2010 | 25,000 | 64,030 | 2020 | 45,000 | 67,100 |
| 2011 | 30,000 | 67,830 | 2021 | 45,000 | 64,760 |
| 2012 | 30,000 | 66,390 | 2022 | 50,000 | 67,420 |
| 2013 | 30,000 | 64,950 | 2023 | 50,000 | 64,820 |
| 2014 | 35,000 | 68,510 | 2024 | 55,000 | 67,220 |
| 2015 | 35,000 | 66,830 | 2025 | 55,000 | 64,360 |
| 2016 | 35,000 | 65,045 | 2026 | 60,000 | 66,500 |
| | | | 2027 | 65,000 | 68,380 |
| | | | | <u>\$ 840,000</u> | <u>\$ 1,391,545</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

PRIMARY GOVERNMENT:

The Village issued a \$3,000,000 bond issue to finance certain capital improvements to the water, sanitary sewer, and storm water systems and improvements to certain streets. The bond issue has an average interest cost of 4.47942% annually.

The required debt payments follow:

\$3,000,000

VILLAGE OF BLISSFIELD COUNTY OF LENAWE, STATE OF MICHIGAN

2003 CAPITAL IMPROVEMENT BONDS LIMITED TAX GENERAL OBLIGATION

| <u>Payment Date</u> | <u>Principal Due</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Total Payment</u> | <u>Fiscal Year Total</u> |
|-------------------------|--------------------------|--------------------------|-------------------------|--------------------------|------------------------------|
| 10/1/06 | \$ | | \$ 60,387.50 | \$ 60,387.50 | \$ |
| 04/1/07 | 105,000.00 | 2.900% | 60,387.50 | 165,387.50 | 225,775.00 |
| 10/1/07 | | | 58,865.00 | 58,865.00 | |
| 04/1/08 | 110,000.00 | 3.100% | 58,865.00 | 168,865.00 | 227,730.00 |
| 10/1/08 | | | 57,160.00 | 57,160.00 | |
| 04/1/09 | 115,000.00 | 3.300% | 57,160.00 | 172,160.00 | 229,320.00 |
| 10/1/09 | | | 55,262.50 | 55,262.50 | |
| 04/1/10 | 120,000.00 | 3.500% | 55,262.50 | 175,262.50 | 230,525.00 |
| 10/1/10 | | | 53,162.50 | 53,162.50 | |
| 04/1/11 | 125,000.00 | 3.700% | 53,162.50 | 178,162.50 | 231,325.00 |
| 10/1/11 | | | 50,850.00 | 50,850.00 | |
| 04/1/12 | 130,000.00 | 3.900% | 50,850.00 | 180,850.00 | 231,700.00 |
| 10/1/12 | | | 48,315.00 | 48,315.00 | |
| 04/1/13 | 135,000.00 | 4.000% | 48,315.00 | 183,315.00 | 231,630.00 |
| 10/1/13 | | | 45,615.00 | 45,615.00 | |
| 04/1/14 | 140,000.00 | 4.100% | 45,615.00 | 185,615.00 | 231,230.00 |
| 10/1/14 | | | 42,745.00 | 42,745.00 | |
| 04/1/15 | 155,000.00 | 4.200% | 42,745.00 | 197,745.00 | 240,490.00 |
| 10/1/15 | | | 39,490.00 | 39,490.00 | |
| 04/1/16 | 155,000.00 | 4.300% | 39,490.00 | 194,490.00 | 233,980.00 |
| 10/1/16 | | | 36,157.50 | 36,157.50 | |
| 04/1/17 | 160,000.00 | 4.400% | 36,157.50 | 196,157.50 | 232,315.00 |
| 10/1/17 | | | 32,637.50 | 32,637.50 | |
| 04/1/18 | 170,000.00 | 4.500% | 32,637.50 | 202,637.50 | 235,275.00 |
| 10/1/18 | | | 28,812.50 | 28,812.50 | |
| 04/1/19 | 175,000.00 | 4.600% | 28,812.50 | 203,812.50 | 232,625.00 |
| 10/1/19 | | | 24,787.50 | 24,787.50 | |
| 04/1/20 | 185,000.00 | 4.700% | 24,787.50 | 209,787.50 | 234,575.00 |
| 10/1/20 | | | | | |
| 04/1/21 | 195,000.00* | | | | |
| 10/1/21 | | | | | |
| 04/1/22 | 200,000.00* | | | | |
| 10/1/22 | | | 10,860.00 | 10,860.00 | |
| 04/1/23 | 210,000.00 | 5.000% | 10,860.00 | 220,860.00 | 231,720.00 |
| 10/1/23 | | | 5,610.00 | 5,610.00 | |
| 04/1/24 | 220,000.00 | 5.100% | 5,610.00 | 225,610.00 | 231,220.00 |
| 10/1/24 | | | | | |
| | <u>\$ 2,410,000.00</u> | | <u>\$ 1,301,435.00</u> | <u>\$ 3,711,435.00</u> | <u>\$ 3,711,435.00</u> |

*Not added to total. Paid in fiscal year 2003-2004.

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

COMPONENT UNIT:

The Downtown Development Authority (DDA) borrowed funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot Project. Total loan is \$150,000 at a 3.73% interest rate.

A payment schedule follows:

\$150,000

VILLAGE OF BLISSFIELD

MUNICIPAL PURCHASE CONTRACT

DECEMBER 31, 2003

| Payment Due | <u>Principal</u> | <u>Interest</u> | Fiscal Year <u>Total</u> |
|------------------------|-------------------------|------------------------|-------------------------------------|
| 8/29/2007 | \$ 14,120.01 | \$ 4,125.90 | \$ 18,245.91 |
| 8/29/2008 | 14,646.68 | 3,599.23 | 18,245.91 |
| 8/29/2009 | 15,193.00 | 3,052.91 | 18,245.91 |
| 8/29/2010 | 15,759.70 | 2,486.21 | 18,245.91 |
| 8/29/2011 | 16,347.54 | 1,898.73 | 18,246.27 |
| 8/29/2012 | 16,957.30 | 1,288.61 | 18,245.91 |
| 8/29/2013 | <u>17,589.80</u> | <u>656.10</u> | <u>18,245.90</u> |
| | <u>\$ 110,614.03</u> | <u>\$ 17,107.69</u> | <u>\$ 127,721.72</u> |

The Downtown Development Authority (DDA) may, at its option, prepay the Agreement on any payment due date without premium or penalty.

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

COMPONENT UNIT:

The Downtown Development Authority (DDA) borrowed additional funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot. The loan is \$34,885 at 4.33% interest.

A payment schedule follows:

\$34,885

VILLAGE OF BLISSFIELD

MUNICIPAL PURCHASE CONTRACT

AUGUST 29, 2005

| Payment Due | <u>Principal</u> | <u>Interest</u> | Fiscal Year <u>Total</u> |
|------------------------|-------------------------|------------------------|-------------------------------------|
| 8/29/2007 | \$ 3,535.72 | \$ 1,219.78 | \$ 4,755.50 |
| 8/29/2008 | 3,688.64 | 1,066.86 | 4,755.50 |
| 8/29/2009 | 3,848.17 | 907.33 | 4,755.50 |
| 8/29/2010 | 4,014.61 | 740.89 | 4,755.50 |
| 8/29/2011 | 4,188.24 | 567.26 | 4,755.50 |
| 8/29/2012 | 4,369.38 | 386.12 | 4,755.50 |
| 8/29/2013 | <u>4,558.28</u> | <u>197.15</u> | <u>4,755.43</u> |
| | <u>\$ 28,203.04</u> | <u>\$ 5,085.39</u> | <u>\$ 33,288.43</u> |

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2006

COMPONENT UNIT:

The Downtown Development Authority (a component unit of the Village) has issued a limited general obligation bond issue, dated December 1, 1994, for construction of parking lots. The bond issue for \$685,000 has an average interest rate of 6.965%.

The schedule of bond payments follows:

\$685,000

VILLAGE OF BLISSFIELD

DOWNTOWN DEVELOPMENT BONDS, SERIES 1994

DECEMBER 1, 1994

(LIMITED TAX GENERAL OBLIGATION)

| Payment Date | Principal Due | Interest Rate | Interest Due | Fiscal Year Total |
|-------------------------|--------------------------|--------------------------|-------------------------|------------------------------|
| 4-1-07 | \$ 35,000.00 | 6.900% | \$ 33,110.00 | \$ 68,110.00 |
| 4-1-08 | 40,000.00 | 7.000% | 30,695.00 | 70,695.00 |
| 4-1-09 | 45,000.00 | 7.000% | 27,895.00 | 72,895.00 |
| 4-1-10 | 50,000.00 | 7.000% | 24,745.00 | 74,745.00 |
| 4-1-11 | 55,000.00 | 7.000% | 21,245.00 | 76,245.00 |
| 4-1-12 | 60,000.00 | 7.100% | 17,395.00 | 77,395.00 |
| 4-1-13 | 60,000.00 | 7.100% | 13,135.00 | 73,135.00 |
| 4-1-14 | 60,000.00 | 7.100% | 8,875.00 | 68,875.00 |
| 4-1-15 | <u>65,000.00</u> | 7.100% | <u>4,615.00</u> | <u>69,615.00</u> |
| | <u>\$ 470,000.00</u> | | <u>\$ 181,710.00</u> | <u>\$ 651,710.00</u> |